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FISCAL IMPACT STATEMENT

LS 6513

BILL NUMBER: HB 1724

NOTE PREPARED: Jan 20, 2007

BILL AMENDED:

SUBJECT: Legislator Health Insurance.

FIRST AUTHOR: Rep. Robertson

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill removes the statutory authority of the Speaker of the House of Representatives and the President Pro Tempore of the Senate to elect to pay any part of the health insurance premium of a former legislator after November 30, 2008. The bill provides that health insurance plans for former legislators enacted in 1988 and 2001 expire on November 30, 2008.

The bill also permits a former legislator or a spouse of a former legislator to continue in the group health insurance program after November 30, 2008, if the former legislator or spouse pays the entire premium charged for the group health insurance program.

Effective Date: July 1, 2007.

Explanation of State Expenditures: The state currently pays a share of the health insurance premium for former state legislators (or surviving spouses) who have served in all or part of at least four terms of the General Assembly and who choose to participate in the state employee group health insurance program. The amount paid by the state is the same percentage employer share of the premium paid for active state employees as existed at the time of the legislator's retirement. This bill eliminates the authority of the House and Senate as employer to pay for any part of the health insurance premiums of former legislators and spouses after November 30, 2008.

With respect to the treatment of future retiring legislators, these provisions are consistent with the current elections of both the House and the Senate and will have no additional fiscal impact other than prohibiting any future elections that might have otherwise differed from the provisions of this bill. With respect to the current pool of former legislators, there will be no change in policy until after November 30, 2008, at which

time they will also have to pay 100% of both the employer share and the employee share of the premium in order to participate. Expenditure reductions for the state are estimated to be approximately \$250,000 for FY 2009 (based on seven months of the fiscal year) and \$425,000 for FY 2010. The actual expenditure reduction realized can vary due to health cost inflation and potential attrition of members.

Current statute permits former legislators to qualify for the group health insurance program after serving in all or part of at least four terms of the General Assembly. Instead, this bill provides that legislators who become former legislators after November 30, 2008, must qualify under the existing statutory provision requiring at least 10 years of service credit as a member of the General Assembly. This change will eliminate the eligibility for the group health insurance program for those legislators who might retire from legislative service with fewer than 10 years of service. In either case, future retiring legislators will be required to pay 100% of both the employee and employer shares of the premium costs.

The bill also eliminates the statutory requirement that the Department of Personnel offer Medicare complementary insurance policies to retired state employees who become eligible for Medicare coverage. The statutory requirement is that at least two policies be offered: one providing medical coverage only, and the other providing medical coverage along with coverage for prescription drug benefits. As of November 2005, 14 individuals were enrolled in the Medicare complementary plans; 11 with medical coverage only and 3 with medical coverage plus prescription drug coverage. Although the statutory requirement to provide these policies is eliminated, elimination of the program will depend on administrative actions.

Background Information: The annual premiums for health benefit coverage currently range from \$4,204 to \$5,470 for single coverage and \$11,561 to \$15,042 for family coverage (2007 rates). Currently, the employer share of premiums for active employees for the five health plans ranges from 76.9% to 100% for both single and family coverage.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: General Assembly; Department of Personnel.

Local Agencies Affected:

Information Sources:

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